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STATE UNIVERSITIES RETIREMENT SYSTEM  
GERTY DRIVE CHAMPAIGN, ILL. 61820

# *Your Retirement System*

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## **FILING OF RETIREMENT, DISABILITY AND REFUND CLAIMS**

### **RETIREMENT CLAIMS**

#### **PREPARING FOR RETIREMENT**

After the close of each fiscal year, you will receive a statement of your account which you should check to determine the accuracy of the earnings and service credits.

Several months before retirement, you should study the following check list to be certain you have established credit for all possible service:

- (1) Were you employed at one-half time or more with an employer covered by this System prior to the date you began participation in this System?
- (2) Did you have previous service in this System which you forfeited by acceptance of a refund?
- (3) If you became a participant before September 1, 1974, did you have other full-time public employment with the Federal government, other public college or some other state or political subdivision for which pension benefits will not be payable?
- (4) Were you employed full-time by some other public educational institution in the United States for which pension benefits are not payable?
- (5) Did you have credits in another Illinois retirement system which is covered by the Retirement Systems Reciprocal Act?

In most cases, you must make an additional payment prior to the date of retirement to receive credit for the above periods of employment. Contact the Retirement System for further information about the cost and additional retirement annuity which this credit would provide. When you request an estimate of your retirement annuity, submit to the System, a statement indicating the gross earnings you expect to receive from the preceding September 1, through the date of your retirement, and the amount of any unused, unpaid sick leave.

## REVERSIONARY ANNUITY

You may elect to receive a smaller retirement annuity during your lifetime in order to provide your spouse or other dependent with a monthly income *in addition* to that which would automatically be payable under the Survivors Insurance Program. This option is generally referred to as an Election of Reversionary Annuity. The sum of the reversionary annuity and survivors annuity payable to the dependent may not exceed your reduced retirement annuity.

The Reversionary Annuity Election must be received by the System at least 30 days prior to the date of your retirement. The Election Form may be secured from the Retirement System Office. It is not effective unless you die after the date your retirement annuity begins.

If the named beneficiary under the reversionary annuity option dies before you retire, the election is automatically cancelled and the full retirement annuity will be payable. However, if the named beneficiary should die after your retirement annuity begins, you will continue to receive the reduced annuity during the remainder of your lifetime and no reversionary annuity will be paid to any other beneficiary even though you later remarry or acquire another dependent.

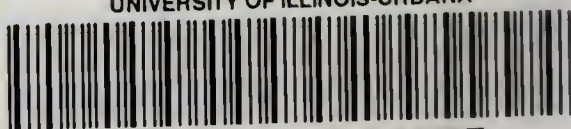
If you have filed an Election of Reversionary Annuity and wish to revoke the election, your written notice of revocation must be received by the Retirement System at least 30 days before the retirement annuity payment period begins.

## APPLICATION FOR RETIREMENT ANNUITY

You should request a retirement application form from the personnel office on your campus or the Retirement System Office at least 60 days *prior* to retirement, even though the Law provides that there will be no loss of retirement benefits if the application is filed within one year *after* retirement.

## DATE RETIREMENT ANNUITY BEGINS

The first monthly retirement annuity check is generally payable in full on the first day of the month following the month in which employment terminated. For example, if a participant terminates his employment status on August





31, his first check covering the full monthly annuity is due September 1. However, if his employment status terminates on September 1 or any other date during that month, his first check will be due on October 1. Payments are not made for fractions of a month; consequently, it is financially advantageous for the participant to terminate his employment status at or near the end of a month rather than early in the month.

The last annuity check is payable on the first day of the month in which the retiree passes away.

In view of the length of time which is normally required to secure termination reports, final payroll data, and unused sick leave information from the employer and in processing the claims, the first payment is generally not made until about 8 weeks after the date of retirement. Consequently, the first payment may include the retirement annuity which is due for two or more months. Subsequent checks are mailed promptly on the first business day of each month.

If you are normally employed during the school year but are paid over a period of 12 months, you should contact your employer at least one year prior to your retirement and request that your contract for the last year be revised, so that your salary is paid over the same period that you are employed. This revision in your contract will enable you to begin receiving your retirement annuity two or three months earlier.

## HEALTH INSURANCE DEDUCTIONS

When you apply for your retirement annuity, you may authorize the System to withhold your monthly hospital-medical insurance premium, *if* you continue in a group plan sponsored or approved by your employer, and premiums under the State group life insurance plan, if you are eligible for such insurance. The Retirement System acts only as your agent in withholding and forwarding your monthly insurance premium to the insurance company. Any questions about claims or coverage should be directed to the insurance office on your campus or to the insurance company office.

## INCOME TAX INFORMATION

You will receive a Federal Income Tax Analysis Statement with your first retirement annuity check. If you will

recover your contributions (not including interest) within 36 months after retirement, your annuity will not be taxable until after you have received annuity payments equal to your contributions. If it would take longer than 36 months to recover your contributions, an exclusion ratio based on your age, contributions and annual annuity will be calculated. The excludable portion will be shown on the Income Tax Analysis Statement.

Your decision as to when to begin your retirement annuity may be affected by the way your retirement annuity is taxed. Therefore, you should determine in advance of the date of retirement whether your retirement annuity will be taxed under the "3-year rule" or the "life expectancy rule."

After you begin receiving your retirement annuity, you may qualify for a Retirement Income Tax Credit which can be used to reduce your Federal Income Tax liability. Your local Internal Revenue Office or tax advisor should be able to assist you in determining the tax credit.

After your annuity is taxable, you may authorize the System to withhold Federal Income Tax by completing Internal Revenue Service Form W-4P. This form is available at any Internal Revenue Service Office or the Retirement System Office.

Annuities and other benefits payable by the State Universities Retirement System are exempt from *Illinois* Income Tax. However, if you are an *Illinois* resident after retirement, it is likely that you will be required to file an *Illinois* Income Tax return in order to claim the exemption.

## **EMPLOYMENT AFTER RETIREMENT**

If you return to employment for an employer covered by this System *within 60 days* after your retirement, your retirement annuity will be cancelled, regardless whether the employment is full-time or part-time. If the annuity is cancelled, all annuity payments which may have been made must be refunded to the Retirement System.

If you return to employment covered by this System after you have been retired for at least 60 days, or if you receive compensation at any time from an employer which is covered by the State Employees' Retirement System of *Illinois*, or the State Teachers' Retirement System of *Illinois*, that portion of your annuity provided by employer contributions shall not be payable for any month in which



your earnings or such compensation exceeds the base monthly retirement annuity. If you retire under the provisions of the Retirement Systems Reciprocal Act and return to employment for any employer covered by any of the systems in which you had pension credits at the time of retirement, your proportional retirement annuity from each of these systems will be suspended during the period of such re-employment. Your retirement annuity is not affected by other income such as Social Security benefits, or earnings from private employment, employment with the Federal Government or other states or other public employment in Illinois which is not covered by the retirement systems referred to above.

If your annuity is also based on credit in another Illinois retirement system, you should ask a representative of that system to explain the post-retirement employment restrictions of that system.

If you return to a position with an employer covered by this System and expect to continue for a period of at least 9 months, you may file an election with the System to forego all annuity payments during the period of re-employment and resume your status as a participating employee. Upon your subsequent retirement, your previous retirement annuity will be reinstated and you will be entitled to an additional annuity based upon service completed after the date of your initial retirement. However, the combined annuities cannot exceed the maximum annuity applicable on the date of your latest retirement.

You may request a determination from the State Universities Retirement System as to whether or not return to employment with an employer covered by this System will result in a suspension of your retirement annuity benefits.

## **DISABILITY**

### **APPLYING FOR DISABILITY BENEFITS**

If it appears that you will be disabled for more than 60 days and your disability will continue beyond the period for which you will receive sick leave pay, you should request an Application for Disability Benefit from the personnel office on your campus or the Retirement System Office. Your Application should be submitted to the Retirement System well in advance of the expiration

of the 60-day waiting period in order that the System will have ample time to secure the medical reports before the first payment is due. Your disability benefit cannot begin more than 30 days prior to the date your Application is received by the System.

## **MEDICAL REPORTS**

After you submit your Application, the Retirement System Medical Director will request reports from your personal physician and the Employer's Health Officer, or a special examining physician selected by the Retirement Board. It is important that you ask each examining physician whether you have recovered sufficiently to be able to return to your position. If you are able to return to your position, you must notify the Retirement System and your employer immediately, because disability benefits cannot be paid beyond the date you are released to return to work. The frequency of the requests for medical reports will vary depending upon the nature of your disability.

## **EMPLOYER'S REPORT OF DISABILITY**

A report of disability must be filed by your employer before your disability benefits can be paid. This report must contain information concerning the last day that you worked, the date that salary and sick leave payments will expire, and whether you will be eligible for worker's compensation payments or disability income insurance under a policy for which premiums are fully or partially paid by the employer.

## **PAYMENT OF DISABILITY BENEFITS**

After your Application, medical reports, and the Employer's Report of Disability are received, your claim will be ready for payment, if the medical reports show that you are disabled. Checks in payment of disability benefits are mailed on the last working day of each month. In most instances, the first payment is prorated. For example, if you become disabled on October 5, the benefit would begin on December 4 (assuming you were not eligible for sick leave pay beyond that date). If all reports are received promptly, the first check would be mailed on the last working day of December in payment of the benefits



for the period December 4-31. Subsequent payments would be mailed at the end of each month and would cover the full monthly benefit.

## **HEALTH INSURANCE DEDUCTIONS**

If your disability continues for more than 6 months, you may authorize the Retirement System to withhold your monthly hospital-medical insurance premiums which may be payable by you under a group policy approved by your employer. You should contact the insurance officer on your campus for information regarding premium payments during the first 6 months of disability.

## **LIMITATIONS ON EMPLOYMENT WHILE DISABLED**

As you recover from your disability, your examining physician and employer may permit you to return to employment on a part-time basis. During this period of gradual return to full-time employment, you may continue to receive disability benefits. However, if your compensation for employment during any month should exceed the disability benefit, the benefit for that month will be reduced by the excess earnings. In other words, the sum of the disability benefit and your earnings cannot exceed the full rate of earnings on which your disability benefit is calculated.

If you return to employment and again become disabled from the same cause within 30 calendar days, your disability will be considered a continuation of the previous disability. In this event, the same benefits will be reinstated, and the 60-day waiting period will be waived.

## **RIGHTS UPON EXPIRATION OF DISABILITY BENEFITS**

If your disability benefits expire, and you continue to be disabled, you may (1) resign your position and apply for a refund of the employee contributions and interest, (2) leave your contributions on deposit to accrue with interest to be withdrawn at some later time or to be paid to your beneficiary when you pass away, or (3) apply for a retirement annuity to begin at age 62, if you have at least 5 but less than 8 years of service, or at age 55, if you have 8 or more years of service. If you continue to be disabled until age 55, the usual penalty for retirement before age 60 would not be applicable.

## APPLICATION FOR REFUND

If you plan to terminate your employment covered by this System and wish to receive a lump sum refund, you should notify the personnel office on your campus well in advance of the last day that you plan to work and complete an Application for Refund. You may file the Refund Application with the personnel office which will forward it to the Retirement System or you may send it directly to the Retirement System.

Your refund cannot be processed until the Retirement System receives from your employer, a report of status showing the date that you terminated your employment as well as final payroll information, and the payroll listing showing your final earnings and retirement deductions. Some employers provide this data within a few days after the last day of work; others within 30 to 60 days; whereas others may not submit the required data until 90 days or more after the termination date. *Therefore, the date that you receive your refund will depend upon the length of time that it takes for your employer's personnel office or business office to submit the necessary information.*

## INFORMATION

For further details regarding the retirement program, please call or write the STATE UNIVERSITIES RETIREMENT SYSTEM, Box 2710, Station A, 50 Gerty Drive, Champaign, Illinois 61820, Telephone 333-3860, Area Code 217.

Donald Hoffmeister, Executive Director

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